

# National Association of Regulatory Utility Commissioners

Incorporated

BRUCE B. ELLSWORTH, *President*  
New Hampshire Public Utilities Commission  
8 Old Suncook Road, Building No. 1  
Concord, New Hampshire 03301-7319

JOLYNN BARRY BUTLER, *First Vice President*  
Ohio Public Utilities Commission

JIM SULLIVAN, *Second Vice President*  
Alabama Public Service Commission



MARGARET A. WELSH  
*Executive Director*

GAILE ARGIRO  
*Treasurer*

EX PARTE OR LATE FILED

July 10, 1997

RECEIVED

JUL 10 1997

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

William Caton  
Office of the Secretary  
Federal Communications Commission  
1919 M Street NW  
Washington, D.C. 20544

DUCKET FILE COPY ORIGINAL

RE: EX PARTE FILING

In the Matter of Changes to the Board of Directors of the  
National Exchange Carrier Association, CC Docket 97-21

In the Matter of Federal-State Joint Board on Universal  
Service, CC Docket 96-45

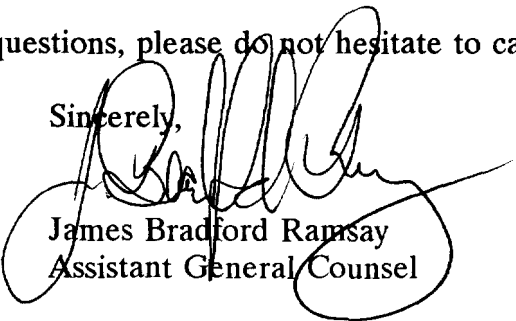
Dear Mr. Caton:

Today, I hand-delivered copies of the attached correspondence to the office of each FCC Commissioner and to the offices of Gina Keeney, Kathy Levitz, Mary Beth Richards, Richard Metzger, Jamie Reuben, and John Nakahata.

In accordance with the FCC's rules of practice and procedure, I am filing two copies of each letter in the dockets listed above.

If you have any questions, please do not hesitate to call me at 202.898.2207.

Sincerely,

  
James Bradford Ramsay  
Assistant General Counsel

No. of Copies made  
Date

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The Honorable Reed Hundt  
Chairman  
Federal Communications Commission  
1919 M Street NW  
Washington, D.C. 20544

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**RE: NECA's June 23, 1997 Ex Parte:**

- (a) **Reiteration of NARUC's belief that State Commissions should be on both (i) any Federal Advisory Council or Board created to designate and supervise a Universal Service Fund Administrator, and (ii) the Board of Directors of both the Interim and Permanent Universal Fund Administrator.**
- (b) **Support for a flexible and efficient corporate structure for the Fund Administrator.**

Dear Chairman Hundt:

In Sections 254 and 214 of the Telecommunications Act of 1996, Congress acknowledged the need for broad State commission participation in, and responsibility for, implementation of its revised universal service policies. We appreciate the FCC's continued recognition of the important contribution States can make in implementing these and other sections of the Act.

On June 23, 1997, the National Exchange Carrier Association filed an ex parte *In the Matter of Changes to the Board of Directors of the National Exchange Carrier Association*, CC Docket 97-21. NARUC has an ongoing interest in this proceeding because of the obvious nexus between NECA's governance structure and its role as the interim USF administrator. We share the Commission's goals of moving forward with this docket to assure that the funds get up and running as soon as possible. Accordingly, we are filing this letter to express our views on the NECA pleading.

**The Honorable Reed Hundt**  
**July 10, 1997**  
**Page Two**

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**The FCC should adopt a governance structure that is sufficiently flexible to enable the administrator to develop policies and procedures which effectively implement the new Universal Service support mechanism.**

The NECA ex parte suggests the FCC may be considering a triad approach to the corporate structure of the fund administrator. We encourage you to set forth a governance structure that is sufficiently flexible to enable the administrator to develop policies and procedures which effectively implement the operational aspects of all components of the new Universal Service support mechanism. This structure should encourage efficiency in decision making as well as provide for both independent directors and for accountability to the appropriate governmental entities. Any structure adopted should minimize duplication of functions, systems, and resources.

#### **State Commission Representation on the Boards**

In an April ex parte, NARUC urged the FCC to assure that State Commissioners are able to formally participate in the governance of NECA by serving on its Universal Service Advisory Board and the Boards of any subsidiary organizations. Paragraphs 829 - 830 of the Universal Service Joint Board's Recommended Decision (RD) suggests the FCC create, pursuant to the Federal Advisory Committee Act, a universal service Federal Advisory Council to ". . .select, oversee, and provide guidance to. . ." any permanent neutral third party administrator. {Emphasis Added} The RD also suggests the Federal Advisory Council advise the interim administrator.

NARUC agrees with the RD's recommendation that the Federal Advisory Council must include State utility commission representatives. We also agree the Federal Advisory Council should play an important supervisory function akin to the role of the North American Numbering Council.

Because of the critical importance of the Council's supervisory duties to State interests, we respectfully reiterate our request that you include at least three State Commission positions on the Federal Advisory Council.

The Board of Directors of the entity chosen on either an interim or permanent basis to administer the universal service fund will also play a critical and influential role

**The Honorable Reed E. Hundt**

**July 10, 1997**

**Page Three**

in the development of procedures for the collection and distribution of funds among the States. Accordingly, NARUC also respectfully requests that two State commissioners be included on the Board of Directors of both the interim and permanent administrator.

A handwritten signature in cursive script, appearing to read "Bruce Ellsworth".

Bruce B. Ellsworth  
NARUC President

Sincerely,

A handwritten signature in cursive script, appearing to read "Bob Rowe".

Bob Rowe  
Chair, NARUC Communications Committee